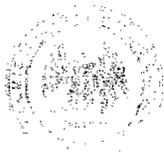


RECEIVED

JUN 23 2003

Oil Conservation Division



#13,058

PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760

Fax (505) 827-5766

www.nmstatelands.org

June 20, 2003

Mr. James Bruce
P. O. Box 1056
Santa Fe, NM 87504

Re: Final Approval
Northwest Jenkins State Exploratory Unit
Roosevelt County, New Mexico

Dear Mr. Bruce:

This office is in receipt of your letter of May 27, 2003 and June 17, 2003 requesting final approval of the Northwest Jenkins State Exploratory Unit Agreement, Roosevelt County, New Mexico.

Please be advised that the Commissioner of Public Lands has this date granted final approval to the Northwest Jenkins State Exploratory Unit Agreement. The effective date of your agreement is June 20, 2003.

It is our understanding that all tracts are fully committed to the unit agreement.

Enclosed are (5) Certificates of Approval.

Your \$30.00 filing fee has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY: 
JAMI BAILEY, Director
Oil, Gas & Minerals Division
(505) 827-5744
PL/JB/pm

pc: Reader File,
OCD-Santa Fe, Attn: Mr. Roy Johnson
TRD-Attn: Mr. Valdean Severson
RMD-Attn: Ms. Linda Vieira
J. Cleo Thompson

RECEIVED

JUN 23 2003

Oil & Gas Division

UNIT NAME: NORTHWEST JENKINS STATE UNIT
OPERATOR: J. CLEO THOMPSON & JAMES CLEO THOMPSON, JR. L.P.
COUNTY: ROOSEVELT

DATE APPROVED	OCC CASE NO. OCC ORDER NO.	TOTAL ACREAGE	STATE	FEDERAL	INDIAN FEE	SEGREGATION CLAUSE	TERM
EFFECTIVE 06/20/2003	CASE NO. 13058 ORDER NO. R-11951	320.00	320.00	0	0	STRICT	5 YEARS SO LONG AS

APPROVALS

SLO--06-20-2003
OCD--04-30-2003

TOWNSHIP 08 SOUTH, RANGE 34 EAST

SECTION 32: S/2

EXHIBIT "A": MAP OF UNIT AREA
 NORTHWEST JENKINS STATE UNIT AREA
 ROOSEVELT COUNTY, NEW MEXICO

S $\frac{1}{2}$ §32-8S-34E

Tr. 1	Tr. 2
Thompson, et al. (12/1/06)	Thompson, et al. (4/1/08)
State Lease V-6497-2	State Lease VA-2901
SW $\frac{1}{4}$	SE $\frac{1}{4}$

Federal Lands: 0%

State Lands: 100%

Fee Lands: 0%

Unit Outline:

EXHIBIT "B". SCHEDULE OF OWNERSHIP

Schedule Showing All Lands and Leases
Within the NORTHWEST JENKINS STATE UNIT
ROOSEVELT COUNTY, NEW MEXICO

TRACT NUMBER	DESCRIPTION OF LANDS	ACRES	SERIAL NUMBER AND EXPIRATION DATE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE	BENEFICIARY
1	SW 1/4 Section 32 Township 8 South, Range 34 East, N.M.P.M.	160.00	V-6497-2 (12/1/06)	1/6	J. Cleo Thompson & James Cleo Thompson, Jr., L.P. (100%)	4-10-80 0%	J. Cleo Thompson & James Cleo Thompson, Jr., L.P. (42.500%) Thompson Petroleum Corporation (14.025%) Steve Blalock (0.850%) Wes-Tex Drilling Company, L.P. (12.750%) Ozark Exploration, Inc. (10.625%) CAP Oil Ltd. (4.250%) C. Shane Lough (7.500%) Greg McCabe (7.500%)	C.S.
2	SE 1/4 Section 32 Township 8 South, Range 34 East, N.M.P.M.	160.00	VA-2901 (4/1/08)	1/8	J. Cleo Thompson & James Cleo Thompson, Jr., L.P. (100%)	0%	J. Cleo Thompson & James Cleo Thompson, Jr., L.P. (42.500%) Thompson Petroleum Corporation (14.025%) Steve Blalock (0.850%)	C.S.

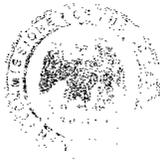
Wes-Tex Drilling
 Company, L.P.
 (12.750%)
 Ozark Exploration, Inc.
 (10.625%)
 CAP Oil Ltd.
 (4.250%)
 C. Shane Lough
 (7.500%)
 Greg McCabe
 (7.500%)

RECAPITULATION

	-	100%
320.00 Acres of State of New Mexico Lands	-	0%
00.00 Acres of Fee Lands		<u>100%</u>
Total		<u>100%</u>

EXHIBIT "C". SCHEDULE OF TRACT PARTICIPATION

Tract 1: 50 %
Tract 2: 50 %
Total: 100 %



PATRICK H. LYONS
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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COMMISSIONER'S OFFICE

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Fax (505) 827-5766

www.nmstatelands.org

April 25, 2003

Mr. James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87501

Re: Preliminary Approval
Proposed Northwest Jenkins State Exploratory Unit
Roosevelt County, New Mexico

RECEIVED

APR 29 2003

OIL CONSERVATION
DIVISION

Dear Mr. Bruce:

This office has received the unexecuted copy of the unit agreement, which you have submitted on behalf of J. Cleo Thompson, for the proposed Northwest Jenkins State Exploratory Unit area, Roosevelt County, New Mexico. This agreement meets the general requirements of the Commissioner of Public Lands, who has this date granted you preliminary approval as to form and content.

Preliminary approval shall not be construed to mean final approval of this agreement in any way and will not extend any short-term leases, until final approval and an effective date have been given.

When submitting your agreement for final approval, please submit the following:

1. Application for final approval by the Commissioner setting forth the tracts that have been committed and the tracts that have not been committed.
2. Pursuant to Rule 19.2.100.51, applications for approval shall contain a statement of facts showing:
 - a. That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy.
 - b. That under the proposed unit operation, the State of New Mexico will receive its fair share of the recoverable oil and gas in place under its lands in the proposed unit area.
 - c. That each beneficiary institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the unit area.
 - d. That such unit agreement is in other respects for the best interest of the trust.
3. All ratifications from the Lessees of Record and Working Interest Owners. All signatures should be acknowledged by a notary and one set must contain original signatures.
4. Order of the New Mexico Oil Conservation Division. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division.

James Bruce
April 25, 2003
Page 2

5. Please submit two copies of the Unit Agreement.
6. A copy of the Unit Operating Agreement (if applicable).
7. Copies of all the well records for the initial unit well.
8. Your filing fee in the amount of \$30.00 has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

PATRICK H. LYONS
COMMISSIONER OF PUBLIC LANDS

BY: 
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

PL/JB/pm

cc: OCD-Santa Fe, Attention: Mr. Roy Johnson